



[4310-T2]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0020]

Agency Information Collection Activities: Proposed Collection, Comment Request

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice of an extension of a currently approved information collection.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), we are inviting comments on a collection of information requests that we will submit to the Office of Management and Budget (OMB) for review and approval. OMB formerly approved this information collection request (ICR) under OMB Control Number 1010-0139. After the Secretary of the Department of the Interior established ONRR (the former Minerals Revenue Management, a program under the Minerals Management Service) on October 1, 2010, OMB approved a new series number for ONRR and renumbered our ICRs. This ICR covers the paperwork requirements in the regulations under title 30, *Code of Federal Regulations* (CFR), parts 1210 and 1212 (previously 30 CFR parts 210 and 212). Also, this ICR pertains to onshore and offshore royalty and production reporting on oil, gas, and geothermal leases on Federal and Indian lands. The revised title of this ICR is “30 CFR Parts 1210 and 1212, Royalty and Production Reporting.” There are three forms associated with this information collection.

DATES: Submit written comments on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: You may submit comments on this ICR to ONRR by any of the following methods (please use “ICR 1012-0004” as an identifier in your comment):

- Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2011-0020,” then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.
- Mail comments to Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64000A, Denver, Colorado 80225-0165.
- Hand-carry comments, or use an overnight courier service to ONRR. Our courier address is Building 85, Room A-614, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: Armand Southall, Regulatory Specialist, at (303) 231-3221, or email to armand.southall@onrr.gov. You may also contact Mr. Southall to obtain copies, at no cost, of (1) the ICR, (2) any associated forms, and (3) the regulations that require the subject collection of information. You may also review the information collection online at <http://www.reginfo.gov/public/PRAMain>.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR Parts 1210 and 1212, Royalty and Production Reporting.

OMB Control Number: 1012-0004.

Bureau Form Number: Forms MMS-2014, MMS-4054, and MMS-4058.

Note: ONRR will publish a rule updating our form numbers to Forms ONRR-2014, ONRR-4054, and ONRR-4058.

Abstract: The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental

Shelf (OCS). The Secretary is required, by various laws, to manage mineral resource production from Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected under those laws. We have posted those laws pertaining to mineral leases on Federal and Indian lands and the OCS at http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. ONRR performs the minerals revenue management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

Effective October 1, 2010, ONRR reorganized and transferred their regulations from chapter II to chapter XII in title 30 of the *Code of Federal Regulations* (CFR), resulting in a change to our citations. You can find the information collections covered in this ICR at 30 CFR part 1210, subparts B, C, and D, which pertain to production and royalty reports; and part 1212, subpart B, which pertains to recordkeeping of reports and files. All data reported is subject to subsequent audit and adjustment.

General Information

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee, or his designee, is required to report various kinds of information to the lessor relative to the disposition of the leased minerals.

The ONRR financial accounting system is an integrated computer system that includes royalty, rental, bonus, and other payments; sales volumes and values; and

royalty values as submitted by reporters. In the system, ONRR compares production volumes with royalty volumes to verify that reporters reported and paid proper royalties for the minerals produced. Additionally, we share the data electronically with the Bureau of Safety and Environmental Enforcement, Bureau of Land Management, Bureau of Indian Affairs, and Tribal and State governments so they can perform their lease management responsibilities.

We use the information collected in this ICR to ensure that royalty is appropriately paid, based on accurate production accounting on oil, gas, and geothermal resources produced from Federal and Indian leases. The requirement to report accurately and timely is mandatory. Please refer to the chart for all reporting requirements and associated burden hours.

Royalty Reporting

The regulations require payors (reporters) to report and to remit royalties on oil, gas, and geothermal resources produced from leases on Federal and Indian lands. The following form is used for royalty reporting:

Form MMS-2014, Report of Sales and Royalty Remittance. Reporters submit this form monthly to report royalties on oil, gas, and geothermal leases, certain rents, and other lease-related transactions (e.g., transportation and processing allowances, lease adjustments, and quality and location differentials).

Production Reporting

The regulations require operators (reporters) to submit production reports if they operate a Federal or Indian onshore or offshore oil and gas lease, or federally approved unit or communitization agreement. The ONRR financial accounting system tracks

minerals produced from Federal and Indian lands, from the point of production to the point of disposition, or royalty determination, and/or point of sale. The reporters use the following forms for production accounting and reporting:

Form MMS-4054, Oil and Gas Operations Report (OGOR). Reporters submit this form monthly for all production reporting for Outer Continental Shelf, Federal, and Indian leases. ONRR compares the production information with sales and royalty data that reporters submit on Form MMS-2014 to ensure that the latter reported and paid the proper royalties on the oil and gas production to ONRR. ONRR uses the information from OGOR parts A, B, and C to track all oil and gas from the point of production to the point of first sale, or other disposition.

Form MMS-4058, Production Allocation Schedule Report (PASR). Reporters submit this form monthly. The facility operators manage the facilities and measurement points where they commingle the production from an offshore Federal lease or metering point with production from other sources before they measure it for royalty determination. ONRR uses the data to determine if the payors reported reasonable sales.

OMB Approval

We will request OMB approval to continue to collect this information. If ONRR does not collect this information, this would limit the Secretary's ability to discharge fiduciary duties and may also result in loss of royalty payments. We protect the proprietary information that it receives and do not collect items of a sensitive nature. It is mandatory that the reporters submit Forms MMS-2014, MMS-4054, and MMS-4058.

Frequency: Monthly.

Estimated Number and Description of Respondents: 3,870 oil, gas, and geothermal reporters.

Estimated Annual Reporting and Recordkeeping “Hour” Burden: 337,933 hours.

We have changed our estimates of the number of respondents due to updated data.

We have not included in our estimates certain requirements performed in the normal course of business, considered as usual and customary. We display the estimated annual burden hours by CFR section and paragraph in the following chart.

Respondents' Estimated Annual Burden Hours

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
30 CFR 1210—FORMS AND REPORTS				
Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources				
1210.52 (a) and (b)	1210.52 What royalty reports must I submit? You must submit a completed Form MMS–2014, Report of Sales and Royalty Remittance, to ONRR with: (a) All royalty payments; and (b) Rents on nonproducing leases, where specified in the lease.	Form MMS-2014		
		Electronic* (approximately 99 percent)		
		3 min.	4,688,216	234,411
1210.53 (a), (b), and (c)	1210.53 When are my royalty reports and payments due? (a) Completed Forms MMS–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also §1218.50). (b) Completed Forms MMS–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also §1218.50). (c) You may submit reports and payments early.	Manual* (approximately 1 percent)		
		7 min.	47,356	5,526
1210.54 (a), (b), and (c)	1210.54 Must I submit this royalty report electronically? (a) You must submit Form MMS–2014 electronically unless you qualify for an exception under §1210.55(a). (b) You must use one of the following electronic media types, unless ONRR instructs you differently * * * (c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Revenue Reporter Handbook</i> , for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * * * * *			
SUBTOTAL FOR ROYALTY REPORTING			4,735,572	239,937
Subpart C—Production Reports—Oil and Gas				

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<p>1210.102 (b)(1)</p> <p>1210.102 (b)(2)(i)- (vi)</p>	<p>(b) Form MMS–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form MMS–4058.</p> <p>(1) You must submit Form MMS–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) Form MMS–4058 is not required whenever all of the following conditions are met:</p> <p>(i) All leases involved are Federal leases;</p> <p>(ii) All leases have the same fixed royalty rate;</p> <p>(iii) All leases are operated by the same operator;</p> <p>(iv) The facility measurement device is operated by the same person as the leases/agreements;</p> <p>(v) Production has not been previously measured for royalty determination; and</p> <p>(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form MMS–4058 is required under this part.</p>	Burden hours covered under 1210.104(a) and (b).		
1210.103 (a) and (b)	<p>1210.103 When are my production reports due?</p> <p>(a) The ONRR must receive your completed Forms MMS–4054 and MMS–4058 by the 15th day of the second month following the month for which you are reporting.</p> <p>(b) A report is considered received when it is delivered to ONRR by 4 p.m. mountain time at the addresses specified in §1210.105. Reports received after 4 p.m. mountain time are considered received the following business day.</p>	Burden hours covered under 1210.104(a) and (b).		

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1210.104 (a), (b), and (c)	1210.104 Must I submit these production reports electronically? (a) You must submit Forms MMS–4054 and MMS–4058 electronically unless you qualify for an exception under §1210.105. (b) You must use one of the following electronic media types, unless ONRR instructs you differently * * * (c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Production Reporter Handbook</i> , for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * * * * * * *	Form MMS-4054 (OGOR)		
		Electronic* (approximately 99 percent)		
		1 min.	5,688,962	94,816
		Manual* (approximately 1 percent)		
		3 min.	57,464	2,873
		TOTAL OGOR	5,746,426	97,689
		Form MMS-4058 (PASR)		
		Electronic* (approximately 99 percent)		
		1 min.	17,820	298
		Manual* (approximately 1 percent)		
		3 min.	180	9
		TOTAL PASR	18,000	307
Subpart D—Special-Purpose Forms and Reports— Oil, Gas, and Geothermal Resources				
1210.155	1210.155 What reports must I submit for Federal onshore stripper oil properties? (a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4–2 must submit Form MMS–4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4–2(b)(3). * * * * *	Burden covered under OMB Control Number 1012-0005.		
SUBTOTAL FOR PRODUCTION REPORTING			5,764,426	97,996
PART 1212—RECORDS AND FILES MAINTENANCE				
Subpart B—Oil, Gas and OCS Sulphur—General				

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1212.50	<p>1212.50 Required recordkeeping and reports.</p> <p>All records pertaining to offshore and onshore Federal and Indian oil and gas leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified, in writing, that records must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).		
1212.51 (a) and (b)	<p>(a) <i>Records.</i> Each lessee, operator, revenue payor, or other person shall make and retain accurate and complete records necessary to demonstrate that payments of rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases are in compliance with lease terms, regulations, and orders * * *.</p> <p>(b) <i>Period for keeping records.</i> Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).		
TOTAL FOR ROYALTY AND PRODUCTION REPORTING			10,499,998	337,933

* Note: ONRR consider each line of data as one response/report.

Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden: We have not identified a “non-hour” cost burden associated with the collection of information.

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Comments: Before submitting an ICR to OMB, PRA Section 3506(c)(2)(A) requires each agency to “* * * provide 60-day notice in the **Federal Register** * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.” Agencies must specifically solicit comments to:

- (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information;
- (c) enhance the quality, usefulness, and clarity of the information collected; and
- (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

The PRA also requires agencies to estimate the total annual reporting “non-hour cost” burden to respondents or recordkeepers resulting from the collection of information. If you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods that you use to estimate (1) major cost factors, including system and technology acquisition, (2) expected useful life of capital equipment, (3) discount rate(s), and (4) the period over which you incur costs. Capital and startup costs include, among other items, computers and software that you purchase to prepare for collecting information and monitoring, sampling, and testing equipment, and record storage facilities. Generally, your estimates

should not include equipment or services purchased: (i) before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Federal Government; or (iv) as part of customary and usual business, or private practices.

We will summarize written responses to this notice and address them in our ICR submission for OMB approval, including appropriate adjustments to the estimated burden. We will provide a copy of the ICR to you, without charge, upon request. We also will post the ICR at http://www.onrr.gov/Laws_R_D/FRNotices/FRInfColl.htm.

Public Comment Policy: We will post all comments, including names and addresses of respondents, at <http://www.regulations.gov>. Before including your address, phone number, email address, or other personal identifying information in your comment, be advised that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold from public view your personal identifying information, we cannot guarantee that we will be able to do so.

Office of the Secretary, Information Collection Clearance Officer: Laura Dorey
(202) 208-2654.

March 23, 2012
Date

Gregory J. Gould
Director,
Office of Natural Resources Revenue

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